

SUBJECT: Allocating certain hotel occupancy tax revenue to coastal erosion account

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 8 ayes — Y. Davis, Bohac, Darby, Murr, Raymond, Shine, Springer,  
Stephenson

0 nays

3 absent — D. Bonnen, E. Johnson, Murphy

WITNESSES: For — (*Registered, but did not testify*: Brandon Aghamalian, City of  
Corpus Christi; Justin Bragiel, Texas Hotel and Lodging Association)

Against — None

On — (*Registered, but did not testify*: David Green, General Land Office)

BACKGROUND: Tax Code, ch. 156 imposes a 6 percent tax on a hotel room costing \$15 or more each day. Revenue from the tax is deposited to the general revenue fund. One-half percent is allocated for certain tourism advertising. Two percent of revenue derived from eligible costal municipalities is allocated to clean and maintain certain beaches and two percent for certain other beaches.

Natural Resources Code, sec. 33.604 creates the Coastal Erosion Response Account in the general revenue fund. This account consists of appropriated money, federal grants, money from the sale of dredged material, and certain collected penalties. The General Land Office uses the account to implement coastal erosion response projects and related studies through federal matching funds and other government collaboration.

Observers note that there is no dedicated mechanism to fund coastal erosion response methods and suggest that dedicating revenue from the hotel occupancy tax levied in certain coastal counties could provide this mechanism.

**DIGEST:** CSHB 2690 would require the comptroller each year by September 30, beginning in fiscal 2020, to compute and transfer revenue derived from 2 percent of hotel occupancy taxes collected from coastal counties during the preceding fiscal year to the coastal erosion response account. The bill would apply only to coastal counties adjacent to the Gulf of Mexico or Corpus Christi Bay.

Revenue transferred by the comptroller under this bill could be appropriated only to the General Land Office for the management of coastal public land.

The bill would take effect September 1, 2017.

**NOTES:** According to the Legislative Budget Board's fiscal note, CSHB 2690 would have a negative impact of \$34 million to general revenue related funds in fiscal 2020-21 and an \$18.2 million negative impact in fiscal 2022.